



City of Leesburg Electric Department

Leesburg Reliability Compliance Program Training

Reliability Compliance Program

What will we be covering?

- Some background
- Why does the City of Leesburg have a Reliability Compliance Program?
- What is required to be in our Reliability Compliance Program?
- Let's review our Reliability Compliance Program

Some Background

- **NERC (North American Electric Reliability Corporation)**
- The North American Electric Reliability Corporation's (NERC) mission is to ensure the reliability of the North American bulk power system. NERC is the electric reliability organization (ERO) certified by the Federal Energy Regulatory Commission (FERC) to establish and enforce reliability standards for the bulk electric system.

Some Background

- **NERC (North American Electric Reliability Corporation) – continued**
- NERC develops and enforces reliability standards; assesses adequacy annually via a 10-year forecast, and summer and winter forecasts; monitors the bulk power system; and educates, trains and certifies industry personnel.

Some Background

- NERC maintains the NERC Compliance Registry, which is a list of electric entities that are subject to compliance with approved Reliability Standards.
- NERC determines, based on a set of criteria, the entities Reliability Function.
- The City of Leesburg became registered as a Distribution Provider (DP) on 2/1/2010.

Reliability Compliance Program



March 12, 2010

City of Leesburg
2010 Griffin Road
Leesburg, FL 34748

Dear Phil Janik,

Notice of Listing in NERC Compliance Registry

The North American Electric Reliability Corporation (NERC) provides notice, as required by Rule 501.1.3.1 of NERC's Rules of Procedure, that NERC intends to list **City of Leesburg**, NERC Compliance Registry ID number **NCR11010**, in the NERC Compliance Registry as set forth below. The NERC Compliance Registry identifies the owners, operators, and users of the bulk power system that are responsible for complying with approved reliability standards applicable to the functions for which each entity is registered.

The Federal Energy Regulatory Commission (Commission or FERC) certified NERC as the Electric Reliability Organization (ERO) under Section 215 of the Federal Power Act on July 20, 2006. Section 39.2 of the Commission's regulations, 18 C.F.R. § 39.2 (2007), requires each owner, operator, and user of the bulk power system to register with NERC and to comply with approved reliability standards. NERC has delegated the responsibility to the eight regional entities for identifying the organizations to be registered in the NERC Compliance Registry.

The *Statement of Compliance Registry Criteria (Revision 5.0)* identifies the criteria organizations and the regional entities use to determine which organizational entities must be included on NERC's Compliance Registry. It is posted on the NERC Web site under Organization Registration.¹

Being listed in the NERC Compliance Registry indicates that an entity is subject to compliance with the NERC Reliability Standards that have been approved by the Commission. City of Leesburg, NCR11010, is listed as a Registered Entity in the following region(s) for the indicated functional category(ies) with the listed effective registration date(s):

<u>Region</u>	<u>Function</u>	<u>Effective Registration Date</u>
FRCC	DP	2/1/2010

Organization registration by function establishes that City of Leesburg is:

1. Subject to monitoring and enforcement of compliance with all applicable requirements within reliability standards approved by the Commission, and
2. Responsible for any sanctions, penalties, and mitigation actions (including mitigation

¹ <http://www.nerc.com/page.php?cid=3|25>

Some Background

➤ **Florida Reliability Coordinating Council (FRCC)**

- The FRCC is a not-for-profit company incorporated in the State of Florida. The purpose of the Florida Reliability Coordinating Council is to ensure and enhance the reliability and adequacy of bulk electricity supply in Florida, now and into the future.
- FRCC serves as a regional entity with delegated authority from the North American Electric Reliability Corporation (NERC) for the purpose of proposing and enforcing reliability standards within the FRCC Region.

Why does the City of Leesburg have a Reliability Compliance Program?

- Because the City of Leesburg is a registered entity with NERC, we are required to have a compliance program in place.
- Because FRCC is NERC's delegated authority, we also have to prove compliance when they make a request.
- A compliance program outlines how we plan to stay in compliance with all applicable Reliability Standards.
 - We are also bound to do what we say we will do within the Reliability Compliance Program document.

Why does the City of Leesburg have a Reliability Compliance Program?

NERC assesses financial consequences for those that do not comply with the required Standards

	Violation Severity Level							
Violation Risk Factor	Lower		Moderate		High		Severe	
	Range Limits		Range Limits		Range Limits		Range Limits	
	Low	High	Low	High	Low	High	Low	High
Lower	\$1,000	\$3,000	\$2,000	\$7,500	\$3,000	\$15,000	\$5,000	\$25,000
Medium	\$2,000	\$30,000	\$4,000	\$100,000	\$6,000	\$200,000	\$10,000	\$335,000
High	\$4,000	\$125,000	\$8,000	\$300,000	\$12,000	\$625,000	\$20,000	\$1,000,000

What is required to be in our Reliability Compliance Program?

- A Compliance program is required to meet certain criteria.
- Our compliance program is audited based on a set of questions NERC created.
- These are known as “NERC 13 Questions”.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 1. Is the **LEES** Internal Compliance Program (ICP) well documented?

- We have to document that we are complying with all the statements made in the document. We also have to document any changes to the documents. This is done by using a Revision History. We use FMPPA for Peer Reviews.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 2. Is the **LEES** ICP widely disseminated throughout **LEES**?

- We have to show that our Reliability Compliance Program has been distributed to Management and those responsible for Compliance.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 3. Has **LEES** named and staffed an ICP oversight position?

- We have to show that a person has been named to be in overall charge of the Compliance Program for the entity.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 4. Is the **LEES** ICP oversight position supervised at a high level in **LEES**?

- We must show that the person in overall charge is given oversight by top management.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 5. Does the **LEES** ICP oversight position have independent access to the CEO and/or Board of Directors?

- We have to show that the person in overall charge of Compliance for the entity is independent and has access to the highest level of management (City Manager).

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 6. Is the **LEES** ICP operated and managed so as to be independent of those responsible for compliance with the Reliability Standards?

- We have to show that the person in overall charge of Compliance is independent of those that are responsible for Compliance.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 7. Does **LEES** have sufficient resources (staff and budget) for its ICP?

- We have to show that our Reliability Compliance Program is sufficiently funded. By having money budgeted and using that money for compliance, shows that we are serious about compliance.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 8. Does the **LEES** ICP have the support and participation of senior management (Officer Level)?

- We have to show that there is support from senior management.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 9. Does **LEES** regularly review and modify its ICP?

- We have to show that our Reliability Compliance Program is reviewed and modified (as needed) on a regular basis. We accomplish this by doing an annual review/audit. We do our annual review/audits in January every year. We modify our Reliability Compliance Program as needed.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 10. Does the **LEES** ICP include Appropriate and sufficient training for all the staff?

- We have to show that we are training everyone that is in a position to be responsible for compliance. We also have to show that our training is appropriate for the people that we are training. Example: Training for the Substation Department covering the areas related to their area of compliance responsibility.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 11. Does the **LEES** ICP include a formal, internal self-auditing process for compliance with all Applicable Reliability Standards on a set periodic basis?

- We have to show that we have a formal, internal self-auditing process for compliance. We have to perform this formal, internal self-auditing process on a set periodic basis.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 12. Does the **LEES** ICP include disciplinary action for employees involved in violations of the Reliability Standards, if Appropriate?

- We have to show that there is a process for disciplinary action for employees involved in violations of the Reliability Standards.

What is required to be in our Reliability Compliance Program?

NERC 13 Questions

Question # 13. Does the **LEES** ICP have internal controls including self-assessment and self-enforcement to prevent reoccurrence of Reliability Standard violations?

- We have to show that there are internal controls in place including self-assessments and self-enforcement to prevent reoccurrence of Reliability Standard violations.

Let's review our Reliability Compliance Program

➤ 1. Purpose

- The goal of Leesburg's Reliability Compliance Program is to maintain a culture that promotes the commitment to adopt and ensure enforcement of new and more effective internal controls and procedures to ensure compliance.

➤ 2. References

- Documents used as reference material

Let's review our Reliability Compliance Program

➤ 3. Overview

➤ Highlights

- 3.2 This section is to show that there is a position of Compliance Manager and the position is fully supported.
- 3.3 Reviewed Annually

Let's review our Reliability Compliance Program

➤ 3. Overview - continued

➤ Highlights

➤ 3.4 The goal is for Compliance to be independent from areas that are responsible for Compliance.

➤ We are not there yet.

➤ 3.5 We accomplish this by having training on our Reliability Compliance Program, PRC-008, PRC-005, and Sabotage Reporting Training we give to all new employees.

Let's review our Reliability Compliance Program

➤ 3. Overview - continued

➤ Highlights

- 3.6 We do Annual Reviews and Spot Checks
- 3.7 We respond quickly to address any violation or suspected violation.
- 3.8 The City does financially support and staff for NERC Compliance. The spending of money on staff, training and equipment shows NERC that the City of Leesburg is serious about supporting the Compliance Program.

Let's review our Reliability Compliance Program

➤ 3. Overview - continued

➤ Highlights

➤ 3.9 Find, Fix, Track and Report

- This is a NERC program that allows us to recognize a violation, fix the violation, track the fix and report the report the issue. This allows us to make a report of a violation without having to go through a full blown violation investigation. This is only available for violations that are classified as minor.

Let's review our Reliability Compliance Program

➤ 4. Leadership and Structure

➤ Highlights

➤ 4.1 The Compliance Manager

- The Compliance Manager is responsible for day-to-day Compliance.
- The Compliance Manager reports to the Director of Electric and periodic reports to the Director of Electric and the City Manager.
- The Compliance Manager can make changes as needed to support the Reliability Compliance Program.
- The Compliance Manager has unrestricted access to information, executives, and meetings related to Compliance issues.
- The Compliance Manager is the primary contact for Compliance related issues. If the Compliance Manager is not available, there are procedures in place to cover the Compliance Managers duties.

Let's review our Reliability Compliance Program

- 5. Effective Communication
 - Highlights
 - Our Reliability Compliance Program and Sabotage Reporting Training are posted on the City of Leesburg Intranet. Important Compliance information is also communicated through direct email communications.

Let's review our Reliability Compliance Program

➤ 6. Compliance Open Door Policy

➤ Highlights

- We encourage an Open Door Policy to encourage Compliance.
- Employees are encouraged to bring compliance issues to management.
 - The first step would be for employees to discuss their compliance concerns with their supervisor or manager and the supervisor or manager bring the compliance issue to next level of management or the Compliance Manager.
 - If the matter is not successfully resolved, the employee should speak to the next level of management, as far as needed including the Compliance Manager and/or Director of Electric.

Let's review our Reliability Compliance Program

➤ 7. Education and Training

➤ Highlights

- We train employees on all applicable Standards related to their position.
- We do mandatory training, refresher training, and targeted training.

Let's review our Reliability Compliance Program

➤ 8. Five Monitoring Processes

➤ Highlights

- 1. Internal Compliance Audits based on the Annual NERC Actively Monitored List (AML)
- 2. Self-Certifications (Required yearly reporting to the Florida Reliability Coordinating Council (FRCC))
- 3. Spot Checks (Conducted by FMPA & FMPA Members)
- 4. Annual Reviews
- 5. Investigations of allegations of non-compliance
- 6. Utilize Member Services from FMPA Compliance Office

Let's review our Reliability Compliance Program

➤ 9. Internal Compliance Audits

➤ Highlights

- Internal Compliance Reviews/Audits are conducted annually. Internal Compliance Reviews/Audits are conducted by Leesburg Compliance Staff.
- Review/Audit Results are reported.

Let's review our Reliability Compliance Program

➤ 10. Spot Checks

➤ Highlights

- Spot Checks can be initiated in several ways.
 - Scheduled Spot Checks that are conducted by FMPA and FMPA Members.
 - By the Compliance Manager to confirm that we are in compliance.
 - A system event could initiate our need to perform a Spot Check.

Let's review our Reliability Compliance Program

- 11. Compliance Investigations of Reliability Standard Violations
 - Highlights
 - Compliance investigations may be initiated at anytime.

Let's review our Reliability Compliance Program

- 12. Non-Compliance or Alleged Violation of NERC Standards
 - Highlights
 - As hard as we try, there still may be a violation.
 - If a violation does occur, Appropriate Self-Reporting forms and Mitigation Plans will be filled out.
 - A Mitigation Plan is an action plan to fix the violation and make sure procedures and/or people are in place to keep the violation from happening again. This will also include a date to complete the Mitigation Plan.

Let's review our Reliability Compliance Program

➤ 13. Response to Alleged Violations

➤ Highlights

- Every alleged violation will be reviewed and if it is deemed necessary, appropriate disciplinary action will be taken in accordance with the City of Leesburg's Personnel Policy Manual.
- We will assess every alleged violation to determine if changes need to be made to policies and/or procedures to prevent a future violation.

Let's review our Reliability Compliance Program

➤ 14. Industry Participation

➤ Highlights

- As an FMPA Member, we participate in FMPA Compliance Workshops, FMPA Compliance Conference Calls, FMPA Peer Reviews, and FMPA Spot Checks.

Reliability Compliance Program

Questions?



Reliability Compliance Program

This training, or some version of this training, will take place on a yearly basis.